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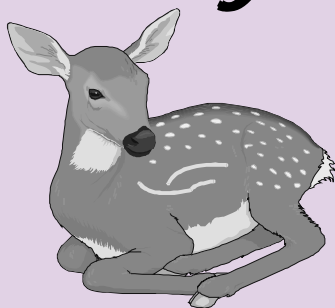
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May



Risk Matters

*A Publication Dedicated to Risk Management
In Montana State Government*



Department of Administration, May, 2003, Volume 12, No. 1

Back to the Future: Virginia City/Nevada City

Nestled among the Gravelly Mountain Range approximately one hour from Dillon are two historical towns that conjure up images of Montana the way it used to be; Virginia City/Nevada City (VC/NC).

Since the State of Montana purchased these properties from the Ford Bovey family in 1997, Virginia City/Nevada City, have been managed by the Montana Heritage Commission. These properties are managed like a business with revenues from tourism utilized to fund operations. With a new museum, structural enhancements, an abundance of recreational opportunities, and of course, historical properties, Virginia City/Nevada City (VC/NC) increasingly attract tourists from all over the world.

Don't let outward appearances fool you though, MODERN risk management techniques have been put in place by the VC/NC safety committee. With assistance from the Risk Management & Tort Defense Division, Department of Administration and the Safety Bureau, Department of Labor &

Industry, many hazards and potential risks have been identified and removed in order to protect these valuable assets.

According to Jeff Tiberi, Executive Director, Montana Heritage Commission, Virginia City/Nevada City contains a 'treasure trove' of valuable fine arts collections and historical structures including;

- rare and historic music machines.
- a rebuilt 1910 steam locomotive used on the Mexican railroad.
- antique furniture and hand crafted clocks.
- antique clothing, books, and shoes.
- cooking utensils, stoves, dishes, and silverware from the Great Northern Railroad.
- buggies, wagons, and a 'horse drawn' hearse.

Through grant money obtained from Congress (Senator Burns), the National Park Service, Federal Emergency Management Agency, and the Bureau of Land Management, rotting boardwalks have been replaced with new wood.



Knotholes in the boardwalks and buildings have been plugged with non-combustible material to prevent cigarettes and other combustible trash from collecting underneath.

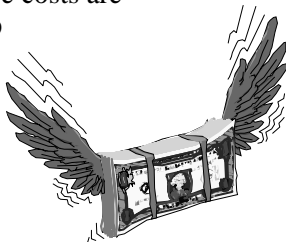
In addition, grease traps and hoods at the restaurants were re-installed and cleaned to prevent the build-up of combustible grease, which could result in kitchen fires. Fire alarms were installed in the hotel and the hotel was re-wired. Because VC/NC has no paid fire department, the Heritage Commission purchased a fire truck. Staff on-site and local volunteers have been trained to respond to fire and other emergencies. Brush and trees have also been cleared and moved away from key buildings and fire hydrants installed at key locations.

We laud the efforts of the Montana Heritage Commission in preserving and protecting our valuable heritage at Virginia City/ Nevada City through modern risk management techniques.

Top Twelve '03'

It's not easy being a top twelve agency. They have active and risky jobs. They deal with the public, clients, and offenders. Over 85% of statewide serious property/casualty claims costs in Montana State Government come from the 20 larger agencies. Most of these costs are from the Top Twelve.

What these agencies do to prevent and control injuries has a huge impact on the state's overall claims costs. It takes solid systems and valuing loss control to affect all of their employees. Some of these agencies have sponsored training or sent their employees to training. Others were just lucky!



Some of these agencies work hard to improve preventative systems in place and to have a healthier work environment. To do this they have to be dynamic and proactive. The Top Twelve below are ranked in descending order of # of claims per 100 FTEs by line of insurance and by \$ spent on claims per 100 FTEs by line of insurance.

Claims per 100 FTE

Auto Liability

Agency

1. Transportation
2. Board of Education
3. Montana State Library
4. Fish, Wildlife, & Parks
5. Agriculture
6. Environmental Quality
7. Military Affairs
8. Labor & Industry
9. Corrections
10. University System
11. Natural Resources
12. Public Health & Human Services



General Liability

Agency

1. Corrections
2. Auditor's Office
3. State Fund
4. Transportation
5. Justice
6. Secretary of State
7. Office of Public Instruction
8. Labor & Industry
9. Fish, Wildlife & Parks
10. Public Health & Human Services
11. Agriculture
12. Judiciary (Supreme Court)

Property

Agency

1. Board of Education
2. Administration
3. Military Affairs
4. University System
5. Corrections
6. Fish, Wildlife, & Parks
7. Revenue
8. Transportation
9. Labor & Industry
10. Public Health & Human Services
11. n/a
12. n/a

\$ Claims per 100 FTE

Auto Liability

Agency

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2. Montana State Library
3. Labor & Industry
4. Fish, Wildlife & Parks
5. Corrections
6. University System
7. Environmental Quality
8. Military Affairs
9. Board of Education
10. Agriculture
11. Public Health & Human Services
12. Natural Resources

General Liability

Agency

1. Public Health & Human Services
2. State Fund
3. Secretary of State
4. Justice
5. Transportation
6. Corrections
7. University System
8. Fish, Wildlife, & Parks
9. Auditor's Office
10. Natural Resources
11. Commerce
12. Agriculture

Property

Agency

1. Administration
2. Board of Education
3. University System
4. Transportation
5. Corrections
6. Revenue
7. Labor & Industry
8. Fish, Wildlife, & Parks
9. Military Affairs
10. Public Health & Human Services
11. n/a
12. n/a



Agencies with no claims reported as of 04/25/2003

1. Commissioner of Political Practices
2. Governor's Office
3. Legislative Branch
4. Livestock
5. Montana Arts Council
6. Montana Historical Society
7. Public Service Regulation

Potholes

Spring, potholes, and claims are synonymous in Montana.

It should come as no surprise then, that just behind other drivers, potholes are perhaps the most common highway hazard. They mostly occur in winter months when snow or rain softens the soil beneath the road and following cold periods when repeated freezing and thawing weakens the surface.

It is often not possible to make permanent repairs when potholes appear. Most permanent repairs require hot asphalt mix and dry weather, both of which are hard to come by during a Montana winter.

Made in Montana #1

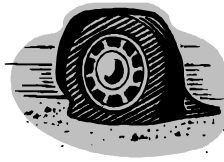
A pothole develops on a rural highway, a motorist strikes the pothole resulting in vehicle damage. A claim is made. The



investigation reveals that MDT (Montana Department of Transportation) maintenance crews placed a temporary patch in the hole the prior afternoon and had no knowledge that the patch had failed.

Made in Montana #2

As part of construction on an interstate highway, MDT moves the exit lane onto a paved shoulder. A pothole develops. A motorist strikes the pothole resulting in \$900 damage to his/her vehicle. Investigation reveals that MDT placed a patch in the hole previously, knew that it failed, but had not yet repaired it.



Did I Read That Right?

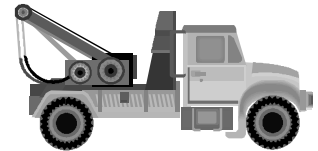
Yes, the stories above appear to be nearly identical until it comes to the payment of the claim. Why would the Risk Management & Tort Defense division pay one claim and deny the other? In two

words, **knowledge and control**. In situation #1 above, the state had no knowledge of the claim. Whereas, in situation #2 above, the state had prior knowledge and some control. There are many other facts and circumstances which dictate whether or not claims are paid, however.

Explaining It

In order for the Risk Management & Tort Defense Division to pay a claim, there must be a negligent act or failure to act by MDT. If the state knew of a pothole or should have known but failed to act within a reasonable time, it may be liable.

Of all pothole claims submitted, a small percentage are paid. This is an indication of the great job MDT's maintenance crews actually do in trying to keep up with this daunting task.



Kids in Tow? Things You Should Know!

Many state agencies transport children and it's a service also provided by independent contractors and volunteers. Frequently, the transportation takes place in a vehicle that is not owned or insured by the state.

Making sure that everyone involved is well trained in child passenger safety remains a challenge. Recent fatal accidents involving children and airbags have caused concern for everyone who transports children.

Here are some tips to keep the toddlers safe:

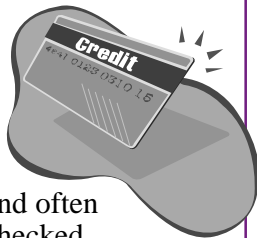


- Place infants in the back seat in a rear facing infant seat. Most children are injured in frontal impact collisions!
- Children under 4 years of age or 40 pounds should be in child safety seats (i.e. booster seats or comparable, but not adult seats) with the seat belt securely fastened! It's the law in Montana.
- Make sure that the children in your vehicle actually WEAR their shoulder restraints! Many children suffer internal injuries, head injuries, or back injuries in vehicle accidents because their upper torsos are unrestrained.

Credit Card Fraud On the Rise

Nationally, statistics show that credit card fraud IS on the rise. Montana state government is not immune from these problems. In fact, a rash of recent state credit card thefts seems to indicate that this pervasive problem has finally hit home.

Credit cards ARE easily counterfeited! If an actual imprint of the card is found during the credit card company investigation, there are no charge back rights. Credit cards ARE easily stolen and often used because consumer ID's are rarely checked.



If you possess a state credit card, please heed the following advice from the Federal Trade Commission to guard against fraud:

Do:

- Sign your cards as soon as they arrive.
- Carry your cards separately from your wallet, in a zippered compartment, a business card holder, or another small pouch.
- Keep a record of your account numbers, their expiration dates, and the phone number and address of each company in a secure place.
- Keep an eye on your card during the transaction, and get it back as quickly as possible.
- Void incorrect receipts.
- Destroy carbons.
- Save receipts to compare with billing statements.
- Open bills promptly and reconcile accounts monthly, just as you would your checking account.
- Report any questionable charges promptly and in writing to the card issuer.
- Notify card companies in advance of a change in address.

Don't:

- Lend your card(s) to anyone.
- Leave cards or receipts lying around.
- Sign a blank receipt. When you sign a receipt, draw a line through any blank spaces above the total.
- Write your account number on a postcard or the outside of an envelope.
- Give out your account number over the phone unless you're making the call to a company you know is reputable. If you have questions about a company, check it out with your local consumer protection office or Better Business Bureau.

Reporting Losses and Fraud

If you lose your credit or charge cards or if you realize they've been lost or stolen, immediately call the issuer(s). Many companies have toll-free numbers and 24-hour service to deal with such emergencies. By law, once you report the loss or theft, you have no further responsibility for unauthorized charges. In any event, your maximum liability under federal law is \$50 per card.

If you suspect fraud, you may be asked to sign a statement under oath that you did not make the purchase(s) in question.

Freudian Slips

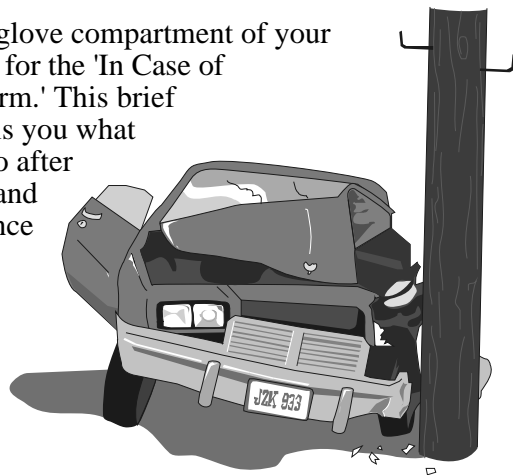
Here are some statements found on insurance company forms, where drivers attempted to summarize the details of their accidents in the fewest words possible.

- *'The guy was all over the road, I had to swerve a number of times before I hit him.'*
- *'I pulled away from the side of the road, glanced at my mother-in-law, and headed over the embankment.'*
- *'I had been driving for 40 years when I fell asleep at the wheel and had an accident.'*
- *'I was on my way to the doctor with rear end trouble when I fell asleep at the wheel and had an accident.'*
- *'As I approached the intersection, a sign suddenly appeared where no sign had ever appeared before. I was unable to stop in time to avoid the accident.'*
- *'I was sure the old fellow would never make it to the other side of the road when I struck him with my vehicle.'*
- *'The telephone pole was fast approaching. I was attempting to swerve out of its way when it struck the front end.'*

Freudian slips are funny, especially when they happen to someone else. However, keep in mind that what you say or do after an accident can and will be used against you in a 'court of law' or in the 'court of public opinion.'

If you are involved in an accident: 1) be careful what you say. Do NOT admit liability; 2) assist the other parties to obtain medical help; 3) exchange information with the other driver; 4) cooperate with law enforcement agencies.

Look in the glove compartment of your state vehicle for the 'In Case of Accident Form.' This brief brochure tells you what to say and do after an accident and offers evidence of state self-insurance.



Insurance 101

By statute, the Department of Administration is responsible for the acquisition and the administration of a comprehensive plan of insurance for state agencies and universities.

The Risk Management & Tort Defense Division purchases commercial insurance for agency risks when their exposures are catastrophic and/or coverages can be cost-effectively purchased.

Typical Coverage Options

Your insurance options are usually taken from one or a mix of three choices. First, we provide state self-insurance in a one-size-fits-all model. Second, we can tailor a self-insured plan for specific risks. Third, we may require your agency to pay for an exclusive commercial insurance policy to cover its risk. Our purpose is to protect the rest of the state from that agency's unique practices or processes.

First We Talk

If you need a special coverage, we start by discussing your risk. Unlike a cheap suit, insurance cannot be bought off the rack. We need to work with you to 'tailor make' your coverage to address your risk and suit your needs.



Second, We Gather Information

What we need, depends on the type of risk. Two examples:

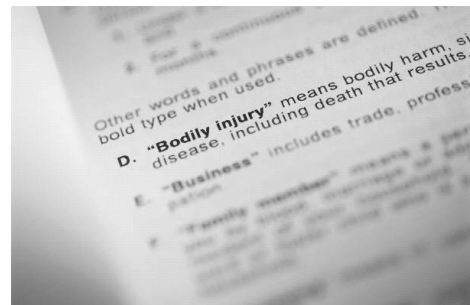
- For buildings, we ask for descriptions, values, locations, type of fire suppression, and security.
- Say you are participating in an activity that poses significant risk. We may ask how it is related to your mission? How many participants? Where? What standards or practice will be taught? What risk control measures will be put into place?

Third, We Go Shopping

We contact our broker of record. The broker asks insurance carriers for quotations and they may suggest alternatives. Depending on the coverage, this can take several days or several months.

Finally, We Close the Deal

We receive quotes in writing. They are valid for a limited time. Once decided, you confirm to us your choice, in writing. We then buy the policies, bill you within 30 days, and provide copies of policies or abstracts upon request.



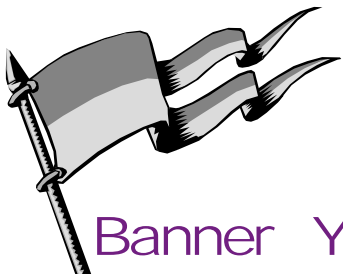
Renewing the Coverage

Each year, about 6 months before policy expiration, we contact your agency for renewal information. We confirm the underwriting information that you provided the year before. We may visit with you about your policy limits, deductibles, or policy conditions to give you options and choices.

In brief, the administration of your insurance program is 'more than meets the eye.' It requires lots of work by Risk Management & Tort Defense Division staff or employees, brokers, and agents. It also requires accurate and timely submission of your exposure and underwriting data and open dialogue about your agency's risks.

Call us with questions or concerns!





By all accounts, FY03 has been a watershed year for risk management training.

Through the dedicated efforts of RMTD consultants with support from agency management and safety committees, approximately 1,700 state employees have received high quality risk management training.

With defensive driving training scheduled for May/June, we anticipate that approximately 2,000 employees will have attended training by the end of the fiscal year.

Here is a rough breakdown of training by category, fiscal year to date:

- First Aid/CPR - 200 employees.
- Back Injury Prevention - 100 employees.
- Reducing Risk Exposure in Contracts - 100 employees.
- Fraud Detection/Investigation/Prevention - 250 employees.
- Office Safety - 50 employees.
- Van Safety - 400 employees.
- Defensive Driving - 400 employees.
- Violence at Work Prevention - 200 employees.

With your support, FY04 can be even better. If you have ideas about new training or ways to improve existing training, please share them with us.

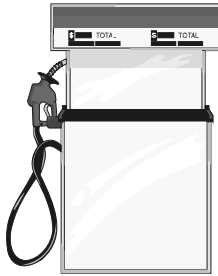
Contact one of our loss prevention consultants for additional information about training.

“Stop Static Electricity”

Spring brings cool, dry air to many parts of the country - perfect conditions for static electricity. Static electricity may build up when you re-enter your vehicle during fueling or when you return to the vehicle fill pipe during or at the end of refueling. The static may then discharge at the fill point, potentially causing a flash fire or a small sustained fire with gasoline refueling vapors.

Static electricity fires at retail gasoline outlets are extremely unusual but in rare circumstances, these incidents have caused a few injuries and property damage.

The primary way you can avoid static electricity problems at the gas pump is to stay outside your vehicle while refueling. It may be a temptation to get back in the car when it's cold, or for any number of reasons. However, the average fill-up takes only two minutes, and staying outside the vehicle will greatly minimize the likelihood of any build-up of static electricity that could be discharged at the nozzle.



In the rare event that you experience a fire when refueling, remember to leave the nozzle in the fill pipe of your vehicle and back away from the vehicle. Notify the station attendant immediately to shut off all dispensing devices and pumps with emergency controls. If the facility is unattended, use the emergency shutdown button to shut off the pump and use the emergency intercom to summon help. Leaving the pump nozzle in the vehicle will prevent any fire from becoming much more dangerous.

If you cannot avoid getting back into the vehicle during refueling, you should discharge any static away from the fill point upon exiting the car before going back to the pump nozzle. Static may safely be discharged by touching a metal part of the vehicle, such as the vehicle door, or some other metal surface, with a bare hand.

You can minimize these and other potential fueling hazards by following safe refueling procedures all year long. Here are some quick tips:

- Turn off your vehicle engine while refueling. Put your vehicle in park and/or set the emergency brake. Disable or turn off any auxiliary sources of ignition such as a camper or trailer heater, cooking units, or pilot lights.
- Do not smoke, light matches, or use lighters while refueling at the pump or when using gasoline anywhere else.
- Use only the refueling latch provided on the gasoline dispenser nozzle, - never jam the refueling latch on the nozzle open.
- Do not re-enter your vehicle during refueling.
- In the unlikely event a static-caused fire occurs when refueling, leave the nozzle in the fill pipe and back away from the vehicle. Notify the station attendant immediately.
- Fill container no more than 95 percent full to allow for expansion.
- Place cap tightly on the container after filling - do not use containers that do not seal properly.



War At Work?

It's a quiet Tuesday afternoon at your office. You are busy working on a project when suddenly, you hear a commotion. As you sit up, you realize it's a customer raising his/her voice with your office receptionist.



How would you respond if this realistic situation were actually to happen in your office? Some people would get up and close the door to their office so they were not disturbed by the increasingly hostile customer. Still others would dive deeper into their work and pretend they didn't hear anything or lock the door to their office and hide under their desks until somebody did something about the disturbance.



Before this actually happens, look at what your office receptionist and other co-workers will do next time. Situations like this are not pleasant to most people and something should be done to defuse it before it gets ugly or somebody gets hurt.

While you may feel the need to call 9-1-1 or security for help, you should realize there will be a delay before they arrive. What are you going to do as your customer grows increasingly agitated? Can you say something to defuse the situation? Can you do something to protect your coworker and others? The answer in most every case is 'Yes'. You and your coworkers can take steps to defuse the situation. Exactly what you do all depends on a number of factors and there is not a standard fit-all procedure but the first thing you should do is talk about this.

Talk with your coworkers, supervisors and subordinates and discuss what everyone believes should or could be done. You will probably find that everyone has a different idea. Get all of these ideas on the table and discuss them. Work as a team to come up with one primary plan which everyone understands and agrees to. Working as a team you and your coworkers can handle any situation with grace. You may also want to talk to your neighbors if there are other agencies sharing your building or space. And you may want to talk to your security staff so they know what you will be doing and what you will expect them to do.



There are many things you can do before, during, and after a hostile situation. For ideas of what you can do, visit the On-Line Safety Resource Library on the Safety & Loss Control page or review the Violence At Work Guidelines on the Publications page of the RMTD website

www.discoveringmontana.com/doa/rmtd.

You can also register and attend the next scheduled offering, at no charge, of RMTD's popular course on defusing hostile situations.



Hostilities can raise their ugly heads at anytime and in any location. With a little planning you will know what to do to minimize these potentially dangerous situations. If you need assistance pre-planning, please contact the RMTD staff for a free consultation.

Plaudits and Pundits!



The University of
Montana

The University of Montana, Missoula, has taken defensive driving to a new level.

Since a terrible tragedy claimed the life of one of its own, almost two years ago, all current and prospective van drivers are required to participate in 'Coaching the Experienced Van Driver,' a National Safety Council course offered through the Risk Management & Tort Defense Division.

To date, approximately 400 drivers have participated in training! Yes, there have been fewer claims to date and no significant accidents. Feedback from faculty and students alike has been outstanding.

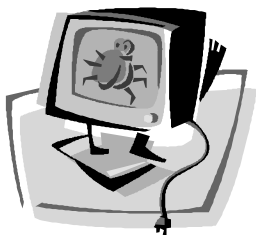
We congratulate the safety team and safety committee at the University of Montana and laud them for their efforts. Continued success!



Viral MailNoxus

Symptoms:

Viral mailnoxus, AKA chainletters, are viruses that infect mail, FAX, and e-mail systems. Chain letters are designed to multiply and take on a life of their own. Some are hoaxes. Some are money-making scams. Some may be well meant. Some contain viruses and may damage state computers and networks.



Vector:

A chain letter is sent to ten or a dozen people. It asks each of them to write to ten or a dozen more. It usually asks you to do something. It may tell a woeful story or threaten you with bad luck for breaking the chain.



Prognosis:

Imagine a fully effective virus, uh, letter. If each of the ten people you write to, write to ten more, and this is repeated eight times, a billion people will be infested. The cost will exceed \$300 million in postage alone. Luckily, however, most people can just toss these letters in the trash.

Recommended Prophylaxis:

Never start or continue any chain letter.



Contraindications:

It is not a lawful or appropriate use of public resources to start or continue a chain letter. If you insist on chaining up, do it on your own time with your own money.



Don't Discount the Discounts! \$\$\$

Did you know that your agency may receive an auto insurance discount of up to 5% by sending its employees to defensive driver training?

In addition, state agencies with comprehensive and effective early-return-to-work programs are eligible for 5% discounts on their workers' compensation insurance.

Educational-based risk management training reduces your agency's insurance losses and insurance premiums. More importantly, it makes state government a safer place to work and ensures a healthy, productive work place.

Notice of Election forms were sent to all agency risk coordinators last month! For details about how to obtain the discounts, see the notice of election forms posted on the Risk Management & Tort Defense Division's website at



<http://discoveringmontana.com/doa/rmtd/css/05insurance/noticeofelectionforms.asp>

or contact your risk coordinator at

<http://discoveringmontana.com/doa/rmtd/css/08advisory/rmac.asp>

On-Line Safety Resources

Yes, you can do it all, on-line, through our web site. That is to say, you can purchase ergo chairs, safety equipment, safety awards, and a host of other supplies. You can also network and share information.

While you're there, remember to use our on-line safety resource library. It has recently been updated to include new links, new references, and, a 'raft' of other vital information to make your place of employment safer and more productive.



During the month of February, over 79,000 hits were recorded on the division's website. We're glad to see that state employees and others are using the site. Of course, we welcome your feedback on ways to make it better.

Please submit your comments and suggestions regarding the functionality and usefulness of our site at the location indicated on our site.

Directory of Services (406) 444-2421

Administration: Ext.

Division Administrator - Brett Dahl	3687
Chief Defense Counsel - Bill Gianoulas	2438
Accounting Tech - Carol Berger	3600
Administrative Support - vacant	9843
Legal Secretary - Renee' Jean	

Property/Liability Claims Adjusting:

Sr. Claims Specialist - Marjie Adams	2422
Claims Specialist - Jennie Younkin	7996

Legal Defense:

Associate Counsel - Ann Brodsky	3558
Associate Counsel - Steve Haddon	2485
Associate Counsel - vacant	4507
Associate Counsel - Mike King	2403
Paralegal - vacant	
Paralegal - Peg Bartlett	3562

Loss Control:

Consultant - Brett Dahl (Liability/WC)	3687
Consultant - Aric Curtiss (ERTW/Property/WC)	3486

Insurance/Finance:

Risk Finance Specialist - Kristie Rhodes	4509
--	------

Services to State Agencies

Insurance for: Property, liability, employee dishonesty, vehicle, aircraft, other risks.

Legal Defense/Claims for: Liability, property, other claims.

Loss Control: Consulting for all of the above.



Risk Management & Tort Defense Division
PO Box 200124
Helena MT 59620-0124

Address Service Requested

To:

RISK MATTERS is a publication of the State of Montana, Department of Administration, Risk Management & Tort Defense Division, 1625 11th Avenue, Helena, Montana 59620-0124. Phone: (406)444-2421.

Reprinting, excerpting, or plagiarizing any part of this publication is fine with us. Please send us a copy of your publication.

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Distribution to: All agencies of state government in executive, legislative, and judicial branches and the university system. Copies of this bulletin should be placed in agencies' copies of the State of Montana, Risk Management Procedures Manual, Section XII.

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